



State of Delaware
Water Infrastructure Advisory Council
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Minutes of the 150th Meeting

June 19, 2019

The Water Infrastructure Advisory Council held a public meeting on Wednesday, June 19, 2019, at 9:00 a.m., at Kent County Administrative Complex 555 Bay Road, Conf. Room 220, Dover, Delaware.

MEMBERS PRESENT:

Jeffrey Bross, Chairman
Hans Medlarz, Vice-Chair
Desmond Baker
Richard Duncan
Charles Anderson
Jen Adkins
Victoria K. Petrone
Eugene Dvornick
Carolann Wicks
J. Michael Riemann
Robert Stickels

MEMBERS ABSENT:

Jeffrey Flynn
Dave Baker

OTHERS PRESENT WERE:

Greg Pope, Environmental Finance
Laura Rafferty, Environmental Finance
Davison Mwale, Environmental Finance
Robert C. Burns, Environmental Finance
Charles Santo, Environmental Finance
Reza Moqtaderi, Environmental Finance
Keith Kooker, Environmental Finance
James Sullivan, DNREC
Bob Zimmerman, DNREC
Doug Lodge, ODW/OE
Heather Warren, DPH

Keith Mensch, ODW/DPH
Ashley Kunder, ODW/DPH
Jean Holloway, SERCAP
Lisa Fitzgerald, USDA
Dan String, KCI
Chis Brendza, JMT
Thomas Wilkes, BCM Engineers
Charles O'Donnell, GMB
Brian Hall, KCPWD

CALL TO ORDER PUBLIC MEETING:

Meeting came to order at 9:02 am.

APPROVAL OF THE REVISED AGENDA:

Motion made by Mr. Duncan, seconded by Mr. Dvornick to approve the revised agenda. Motion carried unanimously.

APPROVAL OF PUBLIC MEETING MINUTES – April 17, 2019:

Motion made by Mr. Dvornick, seconded by Mr. Duncan to approve the April 17, 2019, public meeting minutes. Motion carried unanimously.

WIAC INFORMATIONAL:

Chairman Bross presented a plaque to Bruce W. Jones, P.E., and thanked him for his years of service. Mr. Jones served the WIAC council from June 2012 to May 2019. He also was chair of the WIAC Wastewater Subcommittee.

Chairman Bross welcomed two new WIAC members that replaced Bruce W. Jones and Michael Harmer: Victoria K. Patrone, Esquire and Michael Riemann, P.E.

Ms. Patrone has a degree in civil engineering. She worked in the construction field a few years, and then became an attorney. She is a construction attorney and represents contractors, architects, and engineers in the construction field.

Mr. Riemann is a principal at the Becker Morgan office in Dover, DE, and has worked there for 18 years. He served as a past president of the American Council of Engineering Companies (ACEC) of Delaware, and is still a member.

The new members will undergo an orientation session in the future.

Greg Pope presented the **Legislative Updates:**

The Clean Water Act has the Resources Committee and is out of the Appropriations Committee. Chairman Bross did not think it would pass in its current form: it has prescriptive membership requirements which may present some issues.

The Bond Bill has an appropriation line item for the Clean Water State Revolving Fund State Match: it has not been voted on yet. There will be an update in the future.

Greg Pope presented the **Wastewater and Drinking Water Needs Assessment** Met with Tetra Tech. Interviews and surveys done except for two projects. The target completion for the report is November. They will capture all needs (met and unmet) even if self-funded. Vice-Chair Medlarz was concerned whether there would be a legislative path to implementation (how to create a sewer district) regarding underserved communities.

Jim Sullivan presented the **Surface Water Needs Assessment** Proposals were submitted, and this week went into negotiations for a price. There should be an update at the December WIAC meeting.

DE House Bill 119, which allows nonprofits to receive grants from DNREC is out of committee. There will be an update at the next WIAC meeting.

CWSRF/DWSRF NOI Solicitation Workshop

July 25, 2019

Kent County Administrative Complex, 555 Bay Road, Conference Room 220, Dover, DE

2 pm – 4 pm

All CWSRF and DWSRF borrowers should send a representative.

NEW BUSINESS:

Greg Pope presented the **INTEREST RATE POLICY REVISION FOR CWSRF AND DWSRF:**

- Since inception of the SRF programs, the average historical rate has not been below 2%. Any interest rates offered below 2% in the past were used as a form of subsidization before principal forgiveness was an option.
- The rate was changed in January 2018 from the previous policy of 2%, as market interest rates were rising. However, in the past six months, these rates have now dropped significantly and result in an effective rate of less than 2%.

Date	BVMB30	Effective Rate	BVMB10	Effective Rate	GT10	Effective Rate	GT30	Effective Rate
1/30/19	3.160%	2.686%	2.240%	2.128%	2.70%	2.565%	3.060%	2.601%
3/30/19	2.72%	2.312%	1.890%	1.796%	2.41%	2.290%	2.810%	2.389%
5/30/19	2.43%	2.066%	1.680%	1.596%	2.220%	2.109%	2.650%	2.253%

Proposed Changes to Interest Rate Policy:

- Addition of a 2% Floor.
- Change Date of Rate Lock-In from 5 Days Prior to WIAC Meeting to 28 Days Prior to WIAC Meeting.
- Effective Date of October 1, 2019 (any loan application received on or after this date will be subject to the new interest rate policy).
- The SRF is charged with offering an interest rate at or below market. With the addition of the 2% Floor, the SRF will still be at or below market, as the 20-year term loans are tied to a 10-year rate.

Recommendation:

Environmental Finance recommends Council’s approval of the revised interest rate policy for the CWSRF and the DWSRF as presented, with an effective date of October 1, 2019.

Motion made by Ms. Adkins, seconded by Mr. Duncan to approve the Interest Policy Revision.

Mr. Anderson was not present for the vote. Motion passed.

Environmental Finance will research other states and their interest rate policies. According to EPA guidelines, Environmental Finance has to have interest rates that are at, or below market value. The lower rate can be matched if an applicant has proof that a lower rate is being offered. The lower rate can be considered if it strains the affordability issues.

CWSRF LOAN REQUESTS:

Greg Pope presented **Sussex County Council’s Joy Beach Sewer Annexation.**

Project Description: This project consists of a gravity collection system, pump station, and force main to serve 135 EDUs in existing subdivisions and individual parcels in the Joy Beach Area. From Camp Arrowhead Road out to Waterview Road on to Joy Beach, the project will also serve the Happy Go Lucky Mobile Home Park. This area has been annexed into the Sussex County Unified Sanitary Sewer District (Angola Neck Area).

Environmental Benefits: 1,478 pounds of total nitrogen and 64 pounds of total phosphorus will no longer enter the Rehoboth Bay annually.

Environmental Review: FONSI published on June 12 and June 16. After a 30-day comment period, the FONSI will be processed upon completion of the environmental cross-cutter coordination.

Project Schedule: Construction Start: April 2020
Construction Complete: June 2021

Project Budget:

a. Administration	<u>\$89,389</u>
i. Land, Right of Way	\$18,000
ii. Legal	\$71,389
b. Engineering	<u>\$586,081</u>
i. Basic	\$586,081
c. Construction	<u>\$4,157,751</u>
i. Construction	\$4,157,751
d. Other (Connection Fees)	<u>\$858,600</u>
e. Contingencies	<u>\$0</u>
Total	<u>\$5,691,821</u>

Project Budget	\$5,691,821
Total CWSRF Loan Amount	<u>\$5,691,821</u>
Principal Forgiveness at Project Completion	\$3,396,000
<u>Loan Amount at Project Completion</u>	<u>\$2,295,821</u>

Laura Robbins presented the financial information:

Affordability Summary:

Project Budget Including Connection Fees	\$5,691,821
Total CWSRF Loan Amount	<u>\$5,691,821</u>
Principal Forgiveness at Project Completion	\$3,396,000
Loan Amount at Project Completion	<u>\$2,295,821</u>
<u>Wastewater</u>	
Interest Rate (Subject to Change)	2.057%
Loan Terms Years	30
Annual Debt Service for Proposed Project	\$102,934
Total Facility Cost	<u>\$102,934</u>
Residential Share at 100%	<u>\$102,934</u>
Estimated Wastewater EDUs @ Project Completion	135
Total Debt Service Per EDU	\$762
Estimated Service Charge Per EDU @ Project Completion	\$292
Total Estimated Annual Charge Per EDU	<u>\$1,054</u>
Median Household Income	\$57,901
% of MHI	<u>1.82%</u>

The service charge is a unified charge for all customers and covers OM&R.

Terms of Funding:

- The proposed loan will be secured by a General Obligation Bond.
- 2.057% interest, 30-year term (Based on 85% of the BVMB30Y).
- During construction, the loan will require semi-annual interest only payments.
- Upon project completion, up to \$3,396,000 of the principal balance will be forgiven. The outstanding balance of \$2,295,821 (approximately) will be amortized, and will require semi-annual principal and interest payments in an amount sufficient to amortize the balance over the remaining term, not to exceed 30 years.
- Loan must settle before September 30, 2019. Prior EPA grants (2011 & 2012) that have the capacity to offer principal forgiveness must be used before September 30, 2019.

Recommendation: Based on the information provided by Sussex County's SRF application, Environmental Finance recommends Council's approval of the CWSRF Binding Loan Commitment in the amount of \$5,691,821 to the Sussex County Council for the Joy Beach Sewer Annexation Project.

Motion made by Mr. Dvornick, seconded by Mr. Duncan to approve the CWSRF Binding Loan Commitment (\$5,691,821) to Sussex County Council for the Joy Beach Sewer Annexation Project with the aforementioned loan terms. Vice-Chair Medlarz recused himself from voting because he is a Sussex County employee. Motion passed.

The applicant, Hans Medlarz explained that Joy Beach properties are bisected by canals. The properties are draining into a canal, which is about 30 feet in the backyard. He stated that the nutrient reduction benefit will be seen in weeks of connection and not years.

Greg Pope presented **Sussex County Council's Mulberry Knoll Sewer District Project.**

Project Description: This project consists of a gravity collection system, sub-regional pump station, and force main to the County's existing pump station to serve 63 EDUs in the area south of Route 24 along Mulberry Knoll Road known as Mulberry Knoll/Bayshore Hills. The area is a peninsula in the Rehoboth Bay and the wastewater would be pumped to the County's Inland Bays Regional Wastewater Facility for treatment & disposal. The area has been created and is now a part of the Sussex County Unified Sanitary Sewer District.

Environmental Benefits: 690 pounds of total nitrogen and 30 pounds of total phosphorus will no longer enter the Rehoboth Bay annually.

Environmental Review: FONSI published on June 12 and June 16. After a 30-day comment period, the FONSI will be processed upon completion of the environmental cross-cutter coordination.

Project Schedule: Construction Start: October 2020
Construction Complete: June 2021

Project Budget

a. Administration	<u>\$35,000</u>
i. Land, Right of Way	\$15,000
ii. Legal	\$20,000
b. Engineering	<u>\$303,879</u>
i. Basic	\$303,879
c. Construction	<u>\$2,395,820</u>
i Construction	\$2,395,820
d. Other (Connection Fees)	<u>\$400,680</u>
e. Contingencies	<u>\$0</u>
Total	<u>\$3,135,379</u>

Bids came back significantly higher than anticipated. The system is not meeting standards. They are unfamiliar with the location and how far they have to go.

Project Budget	\$3,135,379
Total CWSRF Loan Amount	<u>\$3,135,379</u>
Principal Forgiveness at Project Completion	\$1,941,000
Loan Amount at Project Completion	<u>\$1,194,379</u>

Laura Robbins presented the following financial information:

Affordability Summary:

Project Budget Including Connection Fees	\$3,135,379
Total CWSRF Loan Amount	<u>\$3,135,379</u>
Principal Forgiveness at Project Completion	\$1,941,000
Loan Amount at Project Completion	<u>\$1,194,379</u>
<u>Wastewater</u>	
Interest Rate (Subject to Change)	2.057%
Loan Terms Years	30
Annual Debt Service for Proposed Project	\$53,550
Total Facility Cost	<u>\$53,550</u>
Residential Share at 100%	<u>\$53,550</u>
Estimated Wastewater EDUs @ Project Completion	63
Total Debt Service Per EDU	\$850
Estimated Service Charge Per EDU @ Project Completion	\$292
Total Estimated Annual Charge Per EDU	<u>\$1,142</u>
Median Household Income	\$57,901
% of MHI	<u>1.97%</u>

Terms of Funding

- The proposed loan will be secured by a General Obligation Bond.
- 2.057% interest, 30-year term (Based on 85% of the BVMB30Y).
- During construction, the loan will require semi-annual interest only payments.
- Upon project completion, up to \$1,941,000 of the principal balance will be forgiven. \$1,194,379 (approximately) will be amortized and will require semi-annual principal and interest payments in an amount sufficient to amortize the outstanding balance over the remaining term, not to exceed 30 years.
- Loan must settle before September 30, 2019.

Recommendation: Based on the information provided by Sussex County's SRF application, Environmental Finance recommends Council's approval of the CWSRF Binding Loan Commitment in the amount of \$3,135,379 to the Sussex County Council for the Mulberry Knoll Sewer District Project with the aforementioned loan terms.

Motion made by Mr. Duncan, seconded by Mr. Anderson to approve the CWSRF Binding Commitment Letter (\$3,135,379) to the Sussex County Council for the Mulberry Knoll Sewer District Project. Vice-Chair Medlarz recused himself from voting because he is a Sussex County employee. Motion passed.

It is not a mandate that EF (Environmental Finance) give principal forgiveness or subsidy when MHI is above 1.5%. EF always utilizes the most recent information for internal procedures, and this is presented at the workshops. When EF does underwriting, the website for American Fact Finder is always checked.

The WIAC Finance Subcommittee will look at affordability analysis, and evaluate if there is a better way to perform the affordability consideration. Other WIAC members were welcome to attend the Finance Subcommittee meeting to discuss affordability analysis.

DWSRF LOAN REQUESTS:

Doug Lodge presented the **City of Wilmington's Transmission and Water Main Improvements Phase III Project.**

Project Description: Replace a redundant transmission line to improve the level of service to all customers within the entire service district by providing a reliable, redundant transmission network of large diameter piping. With this network in place, the water produced from either treatment plant (Brandywine or Porter) will be able to serve the entire city. The public health benefits will be a reduced potential for water outages, to have an alternative means to provide water in case of a necessary repair, there is currently only one reliable crossing for the Brandywine River (will be two crossings after Phase III complete) and to promote water conservation as the current main is leaking potable water.

Environmental Review: Categorical Exclusion issued.

Capacity Development Review: Approval Recommended.

Construction Dates:

Start Date: June 2019

End Date: April 2020

Project Budget:

a. Administration	<u>\$0</u>
b. Engineering	<u>\$225,000</u>
i. Basic	\$150,000
ii. Project Inspection	\$75,000
c. Construction	<u>\$3,775,000</u>
i. Project Construction	<u>\$3,775,000</u>
d. Contingencies	<u>\$0</u>
Total	<u>\$4,000,000</u>

Project Funding

DWSRF Loan	\$4,000,000
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Robert Burns presented the following financial information.

Affordability Analysis		
Drinking Water	Based on 2018 Costs	Proforma
Loan Amount	\$4,000,000	\$4,000,000
Interest Rate	1.5675%	1.5675%
Loan Terms Years	20	20
Annual Debt Service, New Facility	\$233,762	\$233,762
Existing Debt Service (Principal & Interest)	\$3,852,778	\$3,852,778
Previously Approved Debt Service*		\$768,662
Existing O,M & R	\$26,456,982	\$26,456,982
New Total DW Facility Cost	\$30,543,522	\$31,312,184
Residential Share at 40%	\$12,217,409	\$12,524,873
Drinking Water EDU's	35,966	35,966
Total Estimated Annual Charge Per EDU	\$340	\$348
Median Household Income	\$40,065	\$40,065
% of MHI for Drinking Water	0.85%	0.87%
Wastewater Affordability		
Annual Debt Service (Principal & Interest)	\$5,631,680	\$5,631,680
Previously Approved Debt Service**		\$993,697
Existing O,M & R	\$27,545,372	\$27,545,372
Total Cost Wastewater Facility	\$33,177,052	\$34,170,749
Less Contract User Share (NCC)	(\$18,159,923)	(\$18,159,923)
Total Cost of Wastewater Facility (Net NCC Share)	\$15,017,129	\$16,010,826
Residential Share at 40%	\$6,006,852	\$6,404,330
Cost Per Wastewater EDU	\$248	\$264
Sewer District EDU's	24,247	24,247
% of MHI for Wastewater	0.62%	0.66%
Annual Storm Water Charge Per EDU	\$75	\$75
% of MHI Storm Water	0.19%	0.19%
Total Annual Charge per EDU	\$662	\$687
Total % MHI	1.65%	1.72%
* Includes fully amortized debt service from the Porter Plant Project, Transmission and Distribution Phase II Project and Water Distribution Multiple Locations Project.		
**Includes fully amortized debt service from the Shallcross Project and Wetland Park Project.		

Loan Terms

- The loan will be secured by a General Obligation Bond.
- The interest rate for the loan will be 1.5675% (Based on 95% of BVMB10Y).
- During construction, the loan will require semi-annual interest only payments.
- Upon completion of the project, the outstanding balance, \$4,000,000 (approximately) will require equal semi-annual principal and interest payments to amortize the outstanding balance over the remaining term, not to exceed 20 years.

Recommendation: Based on information presented by the City of Wilmington Drinking Water SRF application and the financial review conducted by DNREC, Environmental Finance; the Department of Health and Social Services, Division of Public Health recommends Council's approval of the DWSRF Binding Loan Commitment in the amount of \$4,000,000 to the City for the Transmission and Water Main Improvements Phase III Project.

Motion made by Mr. Duncan, seconded by Mr. Stickels to approve the DWSRF Binding Commitment Letter (\$4,000,000) to the City of Wilmington for the Transmission and Water Main Improvements Phase III Project with the aforementioned loan terms. Motion passed unanimously.

Doug Lodge presented the City of Lewes Board of Public Works DWSRF Supplemental Loan Request Abbot Park Water Improvements Project.

Water Infrastructure Advisory Council reviewed, approved, and recommended that the Delaware Drinking Water State Revolving Fund (DWSRF) issue a binding commitment in the amount of \$206,000 to the City of Lewes, Board of Public Works for the proposed project on April 18, 2018. The loan was closed November 16, 2018.

On December 6, 2018, the City received two bids. The responsible and lowest bidder was JJID. The new project cost is \$407,925. The City is requesting supplemental funding of \$201,925 from the DWSRF.

Environmental Review: Review of the Environmental Information Document and the environmental checklist found that there would be no adverse impact due to this project.

Capacity Development Review: Approval Recommended.

<u>Project Budget</u>	Original	Revised
a. Administration	\$2,000	\$3,000
i. Legal		\$3,000
b. Engineering	\$27,000	\$32,000
i. Basic	\$27,000	\$10,000
ii. Project Inspection		\$14,500
iii. Other		\$7,500
c. Construction	\$172,000	\$363,550
i. Construction	\$172,000	\$363,550
d. Contingencies	\$5,000	\$9,375
Total	\$206,000	\$407,925

<u>Project Funding</u>	Original	Revised
<u>DWSRF Loan</u>	\$206,000	\$407,925
Principal Forgiveness at Project Completion	\$206,000	\$206,000
Amortized Principal Balance at Completion	\$0.00	\$201,925

Robert Burns presented the following financial information.

<u>Affordability Analysis</u>	Abbott Park Original Budget	Abbott Park Supplemental
<u>Drinking Water</u>		
Project Cost	\$206,000	\$407,925
Principal Forgiveness	\$206,000	\$206,000
Loan Amount	\$0	\$201,925
Interest Rate	2.300%	2.300%
Loan Terms Years	20	20
Annual Debt Service, New Facility	\$0	\$12,653
New Facility Cost per EDU	\$0	\$633
Yearly Consumption Based on Gallons	\$52	\$52
Ready to Serve Yearly Cost	\$192	\$192
Total Estimated Annual Charge Per EDU	\$244	\$877
EDU's	20	20
Median Household Income	\$56,058	\$56,058
% of MHI	0.44%	1.56%
<u>Wastewater</u>		
Total Cost of the New Facility*		\$16,359
Project cost per EDU		\$818
Yearly Consumption Based on Gallons		\$204
Ready to Serve Yearly Cost		\$600
Total Estimated Annual Charge Per EDU		\$1,622
Wastewater % of MHI		2.89%
<u>Combined Wastewater & Drinking Water % of MHI</u>		4.46%

* Debt service from previously approved Abbott's Wastewater Supplemental

Loan Terms

- The loan will be secured by a Revenue Bond.
- The interest rate for the loan will be 2.30% annually.
- During construction the loan will require semi-annual interest only payments.
- At the successful completion of the project, the principal balance of up to \$201,925 will be amortized over the remaining term with equal semi-annual principal and interest payment.

Recommendation: Based on information presented by Lewes BPW's SRF application and the financial review conducted by DNREC, Environmental Finance; the Department of Health and Social Services, Division of Public Health recommends Council's approval of the DWSRF

Binding Loan Commitment in the amount of \$201,925 to Lewes BPW for the increased cost associated with the Abbott Park Mobile Home Water Improvement Project.

Motion made by Mr. Duncan, seconded by Mr. Dvornick to approve the DWSRF Binding Commitment Letter (\$201,925) for the Supplemental Loan Request to the City of Lewes Board of Public Works for the Abbott Park Water Improvements Project. Motion passed unanimously.

Vice-Chair Medlarz stated that an income survey should have been conducted; he wants the Finance Subcommittee to address these types of issues. Laura Robbins reminded the Committee about the supplemental Clean Water loan for Abbott Park, and when the Borrowers wanted additional principal forgiveness; Environmental Finance asked for an income survey. The members of the Abbott Park community refused the request.

Heather Warren presented the **SAFE GRANT-Safety Assessment and Feasibility Evaluations**

During the winter of 2018, Duffield & Associates and New Castle Municipal Services Commission approached DHSS about a planning grant. Arc flash study led to further conversation at the Subcommittee level. Presented concept to DW Subcommittee in February 2019. The draft guidance circulated DHSS and DW Subcommittee for today's presentation to full Council. A 15% Set-Aside with DRWA will be used for follow-up training based on applications; OSHA guidance will be the basis for training and grant selection. This will address worker safety: The findings can be used to upgrade facilities as part of a DWSRF loan.

It will be Drinking Water only at this point. It will be a pilot for one year, and the continuation will be dependent upon demand. All water systems are eligible: this includes investor-owned/non-municipal systems.

Eligible Projects for SAFE GRANT

- ▶ Arc Flash/ Electrical studies
- ▶ Chemical handling and feed systems/practices
- ▶ Confined space entry issues
- ▶ Air quality/adequate ventilation
- ▶ Video monitoring for personnel
- ▶ Safety feature integration with SCADA
- ▶ Flood studies or climate change
- ▶ All applications must promote operator safety in Drinking Water facilities

SAFE GRANT-Limitations, Priority, Approval

- ▶ Limited to \$300,000 per State fiscal 2020 year (July 1 to June 30).
- ▶ Funded from Non-Fed Admin Account.
- ▶ One grant per applicant per year.
- ▶ Small water systems (10,000 in population and under) can receive up to \$50,000.
- ▶ Large water systems (10,000 in population and over) can receive up to \$100,000.
- ▶ First-come, first-serve for pilot year.
- ▶ Upon success, DW Subcommittee will evaluate the need for priority or points-based award system.

- ▶ Applications will be accepted on a continual basis until funds are depleted beginning July 1, 2019.

SAFE GRANT-Process

- ▶ Bid/quote for a safety assessment from a qualified bidder (determined by applicant) **must** accompany the application.
- ▶ Resolution adopted by the applicant's governing body must also accompany the application.
- ▶ Applicant has one year from WIAC approval to complete the study; a single disbursement request can be made upon completion.
- ▶ Time extensions will not be granted.
- ▶ Multiple disbursement requests will not be considered unless there are extenuating circumstances.

SAFE GRANT-Scope of Work

- ▶ Description of the work to be completed
- ▶ Planning period (if applicable)
- ▶ Deliverables associated with the study such as: improved operator safety, long-term upgrade planning, capital improvement costs

SAFE GRANT Funding

- ▶ Non-Fed Admin Account
- ▶ \$300,000 for the pilot year starting July 1st 2019 and ending June 30th 2020
- ▶ 1:1 dollar **cash** match
- ▶ No in-kind activities or matches will be considered

Recommendation: Department of Health and Social Services, Division of Public Health recommends Council's approval of the proposed SAFE Grant Pilot Program.

Motion made by Mr. Dvornick, seconded by Ms. Wicks, to approve the DW SAFE Grant Program. Richard Duncan recused himself from voting because he is an employee of DRWA. Chairman Bross recused himself from voting because he is an employee of Duffield & Associates. Motion passed.

Mr. Duncan stated that operators are now doing more with electrical services: in the past contractors used to do the work. There have been injuries and this should help address electrical safety needs.

Jeff Bross asked Bob Zimmerman for an update on the Environmental Administrator position. Resumes have been received and the interview process is underway.

ADMINISTRATORS' REPORTS

Laura Robbins presented the **DWSRF and CWSRF Financial Updates**
Environmental Finance will be implementing a new cash flow model in the future.

CWSRF April 2019 Cash Flow Summary	in millions	
Federal Capitalization Grants (1990 – Present)	\$	220
State Match (1990 – Present)	\$	41
DWSRF Transfer	\$	32
Total Capitalization	\$	293
Plus: Loan P/I Repayments & Interest on Investments	\$	205
Less: Loan Disbursements, Principal Forgiveness, & Administration	\$	- 410
Available Funds for Loans as of April 30, 2019	\$	88
Plus: Near-Term Loan Repayments & Interest on Investments (FY19)	\$	7
Less: Near-Term Undisbursed Loans Payable (FY19)	\$	- 33
Less: DWSRF Transfer (\$31.5)	\$	As Needed
Less: Loan Application <u>Pending</u> Approval (@ 100% of loan value)	\$	-8
Current Estimated Fund Balance	\$	54

DWSRF April 2019 Cash Flow Summary	in millions	
Federal Capitalization Grants Less Set Aside Expenses (1997 – Present)	\$	162
State Match (1997 – Present)	\$	38
CWSRF Transfer	\$	-32
Total Capitalization	\$	168
Plus: Loan P/I Repayments & Interest on Investments	\$	72
Less: Loan Disbursements	\$	-176
Available Funds for Loans as of April 30, 2019	\$	64
Plus: Near-Term Loan Repayments & Interest on Investments (FY19)	\$	1
CWSRF Transfer (\$31.5)	\$	As Needed
Less: Undisbursed Near-Term Loans Payable (FY19)	\$	-18
Current Uncommitted Fund Balance	\$	47

Less: Loan Application Pending Approval (@ 100% of loan value)	\$	-4
Current Estimated Fund Balance	\$	43

Delaware Clean Water and Drinking Water Projected Fund Balances

Actual/Projected (in millions)	CWSRF	New Loan Capacity	DWSRF	New Loan Capacity
April 30, 2019	\$88		\$64	
June 30, 2019	\$62	\$77	\$46	\$35
June 30, 2020	\$14	\$58	\$30	\$25
June 30, 2021	\$5	\$5	\$21	\$20
June 30, 2022	\$23	\$15	\$16	\$20

Note: Management has established a \$5 Million dollar capital reserve for the Fund. This reserve allows the SRF Programs 24 months to prepare for leveraging and associated fees. Additionally, SRF Federal Funds received in years 2021-2022 are assumed at half of the historical amount.

CWSRF Non Federal Administrative Account (NFAA), Current and Planned Uses			Updated: 5-31-2019				
	FY17 Actual	FY18 Actual	FY19 Projected	FY19 Actual to Date	FY20 Projected	FY21 Projected	FY22 Projected
1. Source of Funds (includes Fed and Non-Fed Admin)							
Total Annual Revenues	\$2,419,495	\$3,148,566	\$3,254,578	\$3,060,243	\$3,254,655	\$3,375,248	\$3,396,253
2. Administrative Expenses and Uses (includes Fed and Non-Fed Admin)							
Total Administrative Expenses and Uses	\$1,492,320	\$1,430,162	\$1,342,957	\$1,143,618	\$1,370,957	\$1,399,957	\$1,428,957
Total Administrative Obligations/Encumbrances To Be Paid	\$57,752	\$156,918	\$100,000	\$85,032	\$100,000	\$100,000	\$100,000
3. CWSRF State Match							
A. CWSRF State Match	\$524,863	\$0	\$0	\$0	\$0	\$0	\$0
4. Additional Program Expenses and Uses							
Total Additional Program Expenses	\$1,636,654	\$1,886,918	\$2,479,000	\$1,290,359	\$2,140,000	\$2,102,000	\$2,114,000
Total End of FY Program Obligations/Encumbrances	\$1,562,151	\$1,095,789	\$1,918,000	\$1,249,226	\$1,745,000	\$1,646,000	\$1,647,000
Total Combined Annual Expenses and Uses	\$3,128,974	\$3,317,080	\$3,821,957	\$2,433,977	\$3,510,957	\$3,501,957	\$3,542,957
5. Total CWSRF NFAA Expenses							
CWSRF NFAA Expenses	\$3,653,837	\$3,317,080	\$3,821,957	\$2,433,977	\$3,510,957	\$3,501,957	\$3,542,957
Total CWSRF NFAA End of FY Obligations	\$1,619,903	\$1,252,707	\$2,018,000	\$1,334,258	\$1,845,000	\$1,746,000	\$1,747,000
PY Adjustment/Release of Unused PY Obligations	(\$177,751)	\$698,478	\$0	\$0	\$0	\$0	\$0
6. Annual Fund Growth (Decrease)	(\$1,412,093)	\$529,964	(\$567,379)	\$626,266	(\$256,302)	(\$126,709)	(\$146,704)
7. Balances							
End of FY Available Fund Balance	\$2,928,713	\$3,825,873	\$2,493,065	\$4,370,588	\$3,604,000	\$3,576,000	\$3,428,000
End of FY Accounting Fund Balance	\$4,548,616	\$5,078,580	\$4,511,065	\$5,704,846	\$5,449,000	\$5,322,000	\$5,175,000
8. Grant Programs	Historical Annual Grant/Program Allocations Approved		Projected Annual Grants / Program Allocations				
Total Proposed Program Uses	\$2,450,000	\$2,002,000.00	\$1,900,000	\$1,735,000	\$1,450,000	\$1,400,000	\$1,400,000
Obligated/Encumbered	\$1,562,151	\$1,095,789	\$1,918,000	\$1,249,226	\$1,745,000	\$1,646,000	\$1,647,000

CWSRF Grant Programs	Current Fiscal Year Allocation	Current Fiscal Year Encumbrances	FY 2020 Allocation
SEFO	\$250,000	\$250,000	\$350,000
Wastewater Matching Planning	\$250,000	\$227,109	\$150,000
Asset Management	\$300,000	\$548,850	\$200,000
Project Planning Advances	\$200,000	\$9,300	\$200,000
Surface Water Matching Planning	\$250,000	\$227,500	\$250,000
Community Water Quality	\$250,000	\$198,928	\$250,000
Additional Subsidization Program for Qualified Rate Payers	\$100,000	\$0	\$100,000

DWSRF Non Federal Administrative Account (NFAA) -- Current and Proposed Program Uses			Revised: 5-31-19				
	FY17	FY18	FY19	FY19	FY20	FY21	FY22
	Actual	Actual	Projected	Actual to Date	Projected	Projected	Projected
1. Revenue Sources							
Total Annual Revenues	\$1,488,939	\$1,361,744	\$1,389,748	\$1,255,115	\$1,417,543	\$1,445,873	\$1,473,751
2. Administrative Expenses and Uses							
Total DWSRF Administrative Expenses	\$349,233	\$525,018	\$725,032	\$524,453	\$739,533	\$754,323	\$769,410
Total End of FY Administrative Obligations	\$147,969	\$139,271	\$142,056	\$187,691	\$144,898	\$147,795	\$150,751
3. DWSRF State Match	\$1,662,400	\$1,648,200	\$1,770,000	\$1,770,000	\$0	\$0	\$0
4. Additional Program Expenses							
Total Additional Program Expenses	\$302,035	\$593,310	\$900,000	\$279,262	\$900,000	\$900,000	\$900,000
Total End of FY Program Obligations	\$1,552,347	\$997,797	\$1,174,640	\$716,711	\$1,463,480	\$1,722,610	\$1,959,457
5. Total DWSRF NFAA Expenses	\$2,313,668	\$2,766,528	\$3,395,032	\$2,573,715	\$1,639,533	\$1,654,323	\$1,669,410
Total DWSRF NFAA End of FY Obligations	\$1,700,316	\$1,137,068	\$1,316,696	\$904,402	\$1,608,377	\$1,870,405	\$2,110,209
6. Annual Fund Growth / (Decrease)	(\$824,729)	(\$1,404,784)	(\$2,005,284)	(\$1,318,600)	(\$221,990)	(\$208,450)	(\$195,659)
7. Balances							
End of FY Available Fund Balance	\$8,124,199	\$7,282,663	\$5,097,750	\$6,196,729	\$4,584,079	\$4,113,601	\$3,678,138
End of FY Accounting Fund Balance	\$9,824,515	\$8,419,731	\$6,414,446	\$7,101,131	\$6,192,456	\$5,984,006	\$5,788,347
8. Grant Program Uses							
Total Proposed Program Uses	\$1,780,700	\$2,129,200	\$900,000	\$900,000	\$1,200,000	\$900,000	\$900,000
Obligated	\$1,552,347	\$997,797	\$1,174,640	\$716,711	\$1,463,480	\$1,722,610	\$1,959,457

DWSRF Grant Programs	Current Fiscal Year Allocation	Current Fiscal Year Encumbrances	FY 2020 Allocation
Drinking Water Matching Planning	\$300,000	\$96,989	\$300,000
Asset Management	\$500,000	\$619,722	\$500,000
SAFE Grant	\$0	\$0	\$300,000
Additional Subsidization Program for Qualified Rate Payers	\$100,000	\$0	\$100,000

Greg Pope presented the **Project Updates:**

- **Lewes – Savannah Place Sanitary Sewer Extension**
 - Construction – 65% complete
- **Harrington – Sanitary Sewer Capacity Improvements**
 - Construction – 46% complete
- **Wilmington Wetlands Restoration, Conservation and Park project**
 - Financing agreement closed May 8th
 - Construction contract awarded May 16th
 - NTP to be issued June 3rd and contractor to mobilize mid June
- **Smyrna – South Main Street Utility Replacement**
 - Contract awarded and NTP for May 10th issued. Contractor mobilized and started work

SUBCOMMITTEE REPORTS:

WASTEWATER: Met June 5. Greg Pope reported that two Sussex County projects were reviewed and there were no issues. Desmond Baker and Bob Stickels from Council also attended.

SURFACE WATER: Met June 5. Vice-Chair Medlarz reported that there was an inquiry about the eligibility for Water Quality Improvement Grants circulated to the members by email. Carolann Wicks and Jennifer Adkins responded. Eligibility of the current applications will remain the same.

FINANCE: Met June 10. Ms. Adkins reported that today's meeting materials were reviewed. She invited Mr. Riemann and Ms. Petrone to attend future Finance Subcommittee meetings. Affordability criteria will be discussed further once Environmental Finance has been fully staffed. There was a discussion between Finance and Drinking Water regarding the Additional

Subsidization program for low-income subgroups which is undersubscribed: notes from the meeting will be circulated to get input from people that have personal experience with this issue.

DRINKING WATER: Met on June 6. Mr. Anderson reported that they did two grant extensions, worked out the details of the SAFE Grant (mostly via email), and reviewed today's Drinking Water projects that were presented. Mr. Anderson also invited Mr. Riemann and Ms. Petrone to the future Drinking Water Subcommittee Meetings.

PUBLIC COMMENTS: None

GOOD OF THE COUNCIL: None

MEETING ADJOURNMENT: Motion made by Mr. Duncan, seconded by Mr. Dvornick to adjourn the meeting. Chairman Bross adjourned the meeting at 11:02 a.m. The next WIAC meeting is August 21, 2019, and will be held at Kent County Administrative Complex, Conference Room 220, 555 Bay Road, Dover, DE at 9:00 a.m.